



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

Health Alliance Plan of Michigan

NAIC Group Code	1311	(Current Period)	1311	(Prior Period)	NAIC Company Code	95844	Employer's ID Number	38-2242827
Organized under the Laws of	Michigan				State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States							
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Hospital, Medical & Dental Service or Indemnity []			
	Dental Service Corporation []		Vision Service Corporation []		Health Maintenance Organization [X]			
	Other []		Is HMO, Federally Qualified? Yes [X] No []					
Incorporated/Organized	06/27/1978		Commenced Business		02/08/1979			
Statutory Home Office	2850 West Grand Boulevard				Detroit, MI, US 48202			
	(Street and Number)				(City or Town, State, Country and Zip Code)			
Main Administrative Office	2850 West Grand Boulevard							
	Detroit, MI, US 48202				313-872-8100			
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)			
Mail Address	2850 West Grand Boulevard				Detroit, MI, US 48202			
	(Street and Number or P.O. Box)				(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	2850 West Grand Boulevard							
	Detroit, MI, US 48202				248-443-1093			
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number) (Extension)			
Internet Web Site Address	www.hap.org							
Statutory Statement Contact	Dianna L Ronan				248-443-1093			
	(Name)				(Area Code) (Telephone Number) (Extension)			
	dronan@hap.org				248-443-8610			
	(E-Mail Address)				(Fax Number)			

OFFICERS

Name	Title	Name	Title
James M Connelly #	President and CEO	Dianna L Ronan #	Treasurer
Edith L Eisenmann #	Secretary	Irita B Matthews	Assistant Secretary

OTHER OFFICERS

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DIRECTORS OR TRUSTEES

Marvin Beatty	Shari Burgess	Sandra A Cavette MPH RDH	James M Connelly #
Colleen M Ezzeddine Ph D #	Lauren Foster CPA	Joyce V Hayes-Giles	Harvey Hollins III #
Jamie C Hsu Ph D	Paul Hughes-Cromwick #	Kirk J Lewis	Jackie Martin
Judith S Milosic #	Susanne M Mitchell #	Marguerite S Rigby	Kim E Schatzel Ph D #
Nancy Schlichting	Michelle B Schreiber #	James G Vella #	Susie M Wells

State of Michigan.....
County of Wayne.....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

James M Connelly President and CEO	Dianna L Ronan Treasurer	Edith L Eisenmann Secretary
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Subscribed and sworn to before me this day of ,	a. Is this an original filing? Yes [X] No []
	b. If no:
	1. State the amendment number
	2. Date filed
	3. Number of pages attached

Roderick Irwin Curry, Notary
August 14 2020

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	70,256,386		70,256,386	66,345,662
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	165,245,824	40,171,324	125,074,500	159,430,934
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	7,126,720	6,445,216	681,504	709,738
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$6,888,182 , Schedule E-Part 1), cash equivalents (\$400,000 , Schedule E-Part 2) and short-term investments (\$169,630,884 , Schedule DA).....	176,919,066		176,919,066	209,027,660
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....	172,819		172,819	108,390
8. Other invested assets (Schedule BA)	19,607,498		19,607,498	632,400
9. Receivables for securities	1,422,631		1,422,631	2,239,949
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	1,711,341	0	1,711,341	1,473,914
12. Subtotals, cash and invested assets (Lines 1 to 11)	442,462,284	46,616,540	395,845,744	439,968,647
13. Title plants less \$charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	510,708		510,708	793,322
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	46,547,800		46,547,800	38,353,542
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	1,070,000		1,070,000	60,000
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	82,844,986	78,025,740	4,819,245	3,694,170
21. Furniture and equipment, including health care delivery assets (\$)	4,133,589	4,133,589	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	4,028,871		4,028,871	6,430,814
24. Health care (\$5,876,899) and other amounts receivable.....	5,876,899	2,109,900	3,766,999	9,543,088
25. Aggregate write-ins for other than invested assets	3,219,582	3,130,504	89,078	1,155,143
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	590,694,718	134,016,273	456,678,445	499,998,727
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	590,694,718	134,016,273	456,678,445	499,998,727
DETAILS OF WRITE-INS				
1101. Deferred Compensation.....	1,409,561		1,409,561	1,172,363
1102. Rabbi Trust.....	301,780		301,780	301,551
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	1,711,341	0	1,711,341	1,473,914
2501. Prepaid Expense.....	3,130,504	3,130,504	0	0
2502. Other Assets.....	57,843		57,843	57,843
2503. Other Receivables.....	31,235		31,235	1,097,300
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,219,582	3,130,504	89,078	1,155,143

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	.....131,811,936	.....1,841,150	.....133,653,086	.....138,480,581
2. Accrued medical incentive pool and bonus amounts .....	.....1,500,000		.....1,500,000	.....4,256,207
3. Unpaid claims adjustment expenses .....	.....1,616,359		.....1,616,359	.....1,211,592
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....	.....610,000		.....610,000	.....410,000
5. Aggregate life policy reserves .....			.....0	.....0
6. Property/casualty unearned premium reserves .....			.....0	.....0
7. Aggregate health claim reserves.....			.....0	.....0
8. Premiums received in advance .....	.....6,730,165		.....6,730,165	.....16,904,541
9. General expenses due or accrued .....	.....31,602,010		.....31,602,010	.....30,512,466
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			.....0	.....0
10.2 Net deferred tax liability .....			.....0	.....0
11. Ceded reinsurance premiums payable .....			.....0	.....0
12. Amounts withheld or retained for the account of others .....			.....0	.....0
13. Remittances and items not allocated .....			.....0	.....0
14. Borrowed money (including \$5,000,000 current) and interest thereon \$ (including \$ current) .....	.....39,583,337		.....39,583,337	.....44,166,669
15. Amounts due to parent, subsidiaries and affiliates .....	.....1,653,509		.....1,653,509	.....2,790,782
16. Derivatives.....	.....5,372		.....5,372	.....133,397
17. Payable for securities .....	.....2,856,387		.....2,856,387	.....1,405,046
18. Payable for securities lending .....			.....0	.....0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers).....			.....0	.....0
20. Reinsurance in unauthorized and certified (\$) companies.....			.....0	.....0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			.....0	.....0
22. Liability for amounts held under uninsured plans .....			.....0	.....0
23. Aggregate write-ins for other liabilities (including \$ current) .....	.....26,644,310	.....0	.....26,644,310	.....28,272,925
24. Total liabilities (Lines 1 to 23).....	.....244,613,386	.....1,841,150	.....246,454,536	.....268,544,205
25. Aggregate write-ins for special surplus funds	XXX	XXX	.....14,674,172	.....0
26. Common capital stock	XXX	XXX		.....0
27. Preferred capital stock	XXX	XXX		.....0
28. Gross paid in and contributed surplus	XXX	XXX		.....0
29. Surplus notes	XXX	XXX		.....0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	.....0	.....0
31. Unassigned funds (surplus)	XXX	XXX	.....195,549,737	.....231,454,521
32. Less treasury stock, at cost: 32.1 .....shares common (value included in Line 26 \$)	XXX	XXX		.....0
32.2 .....shares preferred (value included in Line 27 \$)	XXX	XXX		.....0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	.....210,223,909	.....231,454,521
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	.....456,678,445	.....499,998,727
DETAILS OF WRITE-INS				
2301. Pension Liability - Long Term.....	.....22,675,127		.....22,675,127	.....24,856,660
2302. Retiree Health Benefits.....	.....1,415,013		.....1,415,013	.....1,248,239
2303. Deferred Compensation.....	.....1,411,103		.....1,411,103	.....1,174,162
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.....1,143,067	.....0	.....1,143,067	.....993,865
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	.....26,644,310	.....0	.....26,644,310	.....28,272,925
2501. Surplus Apropriated for CY ACA Section 9010 Fee.....	XXX	XXX	.....14,674,172	.....0
2502.	XXX	XXX		.....0
2503.	XXX	XXX		.....0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	.....0	.....0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	.....14,674,172	.....0
3001.	XXX	XXX		.....0
3002.	XXX	XXX		.....0
3003.	XXX	XXX		.....0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	.....0	.....0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,999,656	4,128,664
2. Net premium income (including \$0 non-health premium income).....	XXX	1,869,010,697	1,895,148,498
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	171	(61,006)
8. Total revenues (Lines 2 to 7)	XXX	1,869,010,868	1,895,087,492
Hospital and Medical:			
9. Hospital/medical benefits		1,200,591,715	1,225,442,758
10. Other professional services			0
11. Outside referrals		64,925,363	63,404,147
12. Emergency room and out-of-area		160,866,294	162,316,404
13. Prescription drugs		240,598,850	252,133,649
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		(877,478)	4,198,613
16. Subtotal (Lines 9 to 15)	0	1,666,104,744	1,707,495,571
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	1,666,104,744	1,707,495,571
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$14,199,421 cost containment expenses.....		24,579,941	26,232,035
21. General administrative expenses.....		163,699,978	148,233,840
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	1,854,384,663	1,881,961,446
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	14,626,205	13,126,046
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		2,124,466	4,609,731
26. Net realized capital gains (losses) less capital gains tax of \$		1,021,181	3,970,137
27. Net investment gains (losses) (Lines 25 plus 26)	0	3,145,647	8,579,867
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	108,132	127,088
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	17,879,984	21,833,001
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	17,879,984	21,833,001
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701. Gain/(Loss) on Sale of Fixed Assets.....	XXX	171	(61,006)
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	171	(61,006)
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901. Delta Dental Commission revenues.....		108,132	127,088
2902.			0
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	108,132	127,088

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	231,454,521	238,560,616
34. Net income or (loss) from Line 32	17,879,984	21,833,001
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	5,043,446	2,314,545
37. Change in net unrealized foreign exchange capital gain or (loss)		69,924
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(32,286,619)	(28,347,595)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	(21,800,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	9,932,578	(2,975,970)
48. Net change in capital and surplus (Lines 34 to 47)	(21,230,612)	(7,106,095)
49. Capital and surplus end of reporting year (Line 33 plus 48)	210,223,909	231,454,521
DETAILS OF WRITE-INS		
4701. Impact of Transition to Pension Statutory Accounting Principle.....	9,932,578	
4702. Additional Pension Liability.....		(2,975,970)
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	9,932,578	(2,975,970)

CASH FLOW

Cash from Operations		1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance		1,850,642,063	1,905,537,256
2. Net investment income		4,186,442	6,617,469
3. Miscellaneous income		1,174,197	0
4. Total (Lines 1 through 3)		1,856,002,702	1,912,154,725
5. Benefit and loss related payments		1,667,912,356	1,699,656,527
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
7. Commissions, expenses paid and aggregate write-ins for deductions		169,741,491	166,402,642
8. Dividends paid to policyholders			0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		0	0
10. Total (Lines 5 through 9)		1,837,653,848	1,866,059,169
11. Net cash from operations (Line 4 minus Line 10)		18,348,854	46,095,556
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		64,570,567	254,583,267
12.2 Stocks		21,837,623	29,161,757
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		0	0
12.7 Miscellaneous proceeds		2,268,660	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)		88,676,851	283,745,024
13. Cost of investments acquired (long-term only):			
13.1 Bonds		69,356,543	167,379,999
13.2 Stocks		2,155,174	22,554,060
13.3 Mortgage loans		0	0
13.4 Real estate			0
13.5 Other invested assets		30,798	74,126
13.6 Miscellaneous applications		0	3,001,143
13.7 Total investments acquired (Lines 13.1 to 13.6)		71,542,516	193,009,328
14. Net increase (decrease) in contract loans and premium notes		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		17,134,335	90,735,696
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		0	0
16.2 Capital and paid in surplus, less treasury stock		0	0
16.3 Borrowed funds		(4,583,332)	(5,833,333)
16.4 Net deposits on deposit-type contracts and other insurance liabilities			0
16.5 Dividends to stockholders		21,800,000	0
16.6 Other cash provided (applied)		(41,208,451)	(39,980,630)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(67,591,783)	(45,813,963)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		(32,108,594)	91,017,289
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		209,027,660	118,010,371
19.2 End of year (Line 18 plus Line 19.1)		176,919,066	209,027,660

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,869,010,697	1,274,018,848	0	0	0	114,281,916	480,709,933	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	171	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	171
7. Total revenues (Lines 1 to 6).....	1,869,010,868	1,274,018,848	0	0	0	114,281,916	480,709,933	0	0	171
8. Hospital/medical benefits	1,200,591,715	773,496,725				74,260,430	352,834,560			XXX
9. Other professional services	0									XXX
10. Outside referrals	64,925,363	41,812,111				4,018,778	19,094,474			XXX
11. Emergency room and out-of-area	160,866,294	103,598,333				9,957,371	47,310,590			XXX
12. Prescription drugs	240,598,850	196,183,446				20,362,287	24,053,117			XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	(877,478)	(877,478)								XXX
15. Subtotal (Lines 8 to 14)	1,666,104,744	1,114,213,137	0	0	0	108,598,866	443,292,741	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	1,666,104,744	1,114,213,137	0	0	0	108,598,866	443,292,741	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$14,199,421 cost containment expenses.....	24,579,941	16,864,195				1,175,875	6,539,871			
20. General administrative expenses	163,699,978	127,393,812				7,100,987	29,205,180			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,854,384,664	1,258,471,144	0	0	0	116,875,728	479,037,792	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	14,626,205	15,547,704	0	0	0	(2,593,812)	1,672,141	0	0	171
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601. Gain/(Loss) on Sale of Assets.....	171	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	171
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	171	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	171
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	1,274,474,751		455,903	1,274,018,848
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan	114,314,596		32,680	114,281,916
6. Title XVIII - Medicare	480,709,933			480,709,933
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	1,869,499,280	0	488,583	1,869,010,697
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	1,869,499,280	0	488,583	1,869,010,697

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	1,666,033,627	1,114,493,252				109,194,980	442,345,395			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	1,666,033,627	1,114,493,252	0	0	0	109,194,980	442,345,395	0	0	0
2. Paid medical incentive pools and bonuses	1,878,729	1,878,729								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	133,653,086	107,673,873	0	0	0	5,432,774	20,546,439	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	133,653,086	107,673,873	0	0	0	5,432,774	20,546,439	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,500,000	1,500,000								
6. Net healthcare receivables (a).....	(5,776,090)	(5,776,090)								
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	138,480,581	112,852,600	0	0	0	6,028,888	19,599,093	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	138,480,581	112,852,600	0	0	0	6,028,888	19,599,093	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	4,256,207	4,256,207	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	1,666,982,222	1,115,090,615	0	0	0	108,598,866	443,292,741	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	1,666,982,222	1,115,090,615	0	0	0	108,598,866	443,292,741	0	0	0
13. Incurred medical incentive pools and bonuses	(877,478)	(877,478)	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	30,045,179	23,874,260				1,130,315	5,040,604			
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	30,045,179	23,874,260	0	0	0	1,130,315	5,040,604	0	0	0
2. Incurred but Unreported:										
2.1. Direct	92,424,541	73,441,648				3,477,058	15,505,835			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	92,424,541	73,441,648	0	0	0	3,477,058	15,505,835	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	11,183,366	10,357,965				825,401				
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	11,183,366	10,357,965	0	0	0	825,401	0	0	0	0
4. TOTALS:										
4.1. Direct	133,653,086	107,673,873	0	0	0	5,432,774	20,546,439	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	133,653,086	107,673,873	0	0	0	5,432,774	20,546,439	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	75,384,375	1,039,108,877	7,635,837	100,038,036	83,020,212	112,852,600
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan	6,450,850	102,744,130	344,373	5,088,401	6,795,223	6,028,888
6. Title XVIII - Medicare	14,820,367	427,525,028	586,880	19,959,559	15,407,247	19,599,093
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	96,655,592	1,569,378,035	8,567,090	125,085,996	105,222,682	138,480,581
10. Healthcare receivables (a).....		(5,776,090)			.0	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts	1,878,729			1,500,000	1,878,729	4,256,207
13. Totals (Lines 9-10+11+12)	98,534,321	1,575,154,125	8,567,090	126,585,996	107,101,411	142,736,788

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,318,672	2,317,500	2,317,500	2,317,500	2,317,500
2. 2009.....	1,052,619	1,116,273	1,116,013	1,116,013	1,116,013
3. 2010.....	XXX	1,023,246	1,080,323	1,079,600	1,079,600
4. 2011.....	XXX	XXX	1,024,574	1,099,773	1,099,505
5. 2012.....	XXX	XXX	XXX	1,069,918	1,147,449
6. 2013.....	XXX	XXX	XXX	XXX	1,039,109

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,329,680	1,177,988	1,177,988	1,177,988	1,177,988
2. 2009.....	1,140,817	1,121,019	1,120,470	1,120,470	1,120,470
3. 2010.....	XXX	1,113,892	1,089,482	1,083,593	1,083,593
4. 2011.....	XXX	XXX	1,116,333	1,107,023	1,104,647
5. 2012.....	XXX	XXX	XXX	1,175,783	1,149,943
6. 2013.....	XXX	XXX	XXX	XXX	1,140,647

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009.....	1,234,753	1,116,013	8,112	0.7	1,124,125	91.0			1,124,125	91.0
2. 2010.....	1,177,994	1,079,600	16,126	1.5	1,095,726	93.0			1,095,726	93.0
3. 2011.....	1,207,138	1,099,505	16,283	1.5	1,115,788	92.4	5,142	.0	1,120,929	92.9
4. 2012.....	1,282,653	1,147,449	17,970	1.6	1,165,419	90.9	2,494	.91	1,168,004	91.1
5. 2013.....	1,273,986	1,039,109	14,711	1.4	1,053,820	82.7	101,538	1,215	1,156,573	90.8

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	176,642	176,557	176,557	176,557	176,557
2. 2009	89,412	94,023	94,003	94,003	94,003
3. 2010	XXX	91,173	95,286	95,228	95,228
4. 2011	XXX	XXX	88,685	94,243	94,220
5. 2012	XXX	XXX	XXX	94,310	100,784
6. 2013	XXX	XXX	XXX	XXX	102,744

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	177,111	88,704	88,704	88,704	88,704
2. 2009	93,370	94,157	94,311	94,311	94,311
3. 2010	XXX	95,689	95,582	95,535	95,535
4. 2011	XXX	XXX	93,201	94,476	94,641
5. 2012	XXX	XXX	XXX	99,799	100,707
6. 2013	XXX	XXX	XXX	XXX	107,833

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009.....	95,141	94,003	674	0.7	94,677	99.5			94,677	99.5
2. 2010.....	105,607	95,228	1,270	1.3	96,498	91.4			96,498	91.4
3. 2011.....	101,999	94,220	990	1.1	95,209	93.3	422	0	95,631	93.8
4. 2012.....	113,652	100,784	1,141	1.1	101,925	89.7	(77)	4	101,852	89.6
5. 2013	114,315	102,744	1,031	1.0	103,775	90.8	5,088	61	108,924	95.3

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	489,095	488,967	488,967	488,967	488,967
2. 2009	356,811	363,753	363,703	363,703	363,703
3. 2010	XXX	399,798	410,346	410,201	410,201
4. 2011	XXX	XXX	433,645	447,457	447,404
5. 2012	XXX	XXX	XXX	441,785	456,658
6. 2013	XXX	XXX	XXX	XXX	427,525

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	489,442	263,803	263,803	263,803	263,803
2. 2009	369,853	363,902	364,465	364,465	364,465
3. 2010	XXX	415,259	410,668	410,950	410,950
4. 2011	XXX	XXX	451,830	447,719	448,362
5. 2012	XXX	XXX	XXX	460,374	456,288
6. 2013	XXX	XXX	XXX	XXX	447,485

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009.....	388,182	363,703	2,567	0.7	366,270	94.4			366,270	94.4
2. 2010.....	449,642	410,201	5,293	1.3	415,495	92.4			415,495	92.4
3. 2011.....	482,197	447,404	6,488	1.5	453,893	94.1	957	0	454,850	94.3
4. 2012.....	498,843	456,658	6,960	1.5	463,618	92.9	(370)	8	463,256	92.9
5. 2013	480,710	427,525	5,798	1.4	433,323	90.1	19,960	237	453,520	94.3

Pt 2C - Sn A - Paid Claims - XI

NONE

Pt 2C - Sn A - Paid Claims - OT

NONE

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,984,408	2,983,024	2,983,024	2,983,024	2,983,024
2. 2009.....	1,498,842	1,574,049	1,573,719	1,573,719	1,573,719
3. 2010.....	XXX	1,514,217	1,585,955	1,585,029	1,585,029
4. 2011.....	XXX	XXX	1,546,904	1,641,473	1,641,129
5. 2012.....	XXX	XXX	XXX	1,606,013	1,704,891
6. 2013.....	XXX	XXX	XXX	XXX	1,569,378

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,996,233	1,530,494	1,530,494	1,530,494	1,530,494
2. 2009.....	1,604,040	1,579,078	1,579,247	1,579,247	1,579,247
3. 2010.....	XXX	1,624,840	1,595,732	1,590,078	1,590,078
4. 2011.....	XXX	XXX	1,661,365	1,649,218	1,647,650
5. 2012.....	XXX	XXX	XXX	1,735,956	1,706,938
6. 2013.....	XXX	XXX	XXX	XXX	1,695,964

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009.....	1,718,076	1,573,719	11,353	0.7	1,585,072	92.3	0	0	1,585,072	92.3
2. 2010.....	1,733,243	1,585,029	22,690	1.4	1,607,719	92.8	0	0	1,607,719	92.8
3. 2011.....	1,791,334	1,641,129	23,761	1.4	1,664,890	92.9	6,521	0	1,671,410	93.3
4. 2012.....	1,895,148	1,704,891	26,071	1.5	1,730,962	91.3	2,046	103	1,733,112	91.4
5. 2013.....	1,869,011	1,569,378	21,540	1.4	1,590,918	85.1	126,586	1,514	1,719,018	92.0

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - XI

NONE

Pt 2C - Sn B - Incurred Claims - OT

NONE

Part 2C - Sn C - Claims Expense Ratio MS

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

Part 2C - Sn C - Claims Expense Ratio XI

NONE

Part 2C - Sn C - Claims Expense Ratio OT

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	610,000						610,000		
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	610,000	.0	.0	.0	.0	.0	610,000	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	610,000	0	0	0	0	0	610,000	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)	117,574	351,390	2,416,754		2,885,718
2. Salaries, wages and other benefits	9,350,429	4,391,885	60,512,713		74,255,027
3. Commissions (less \$ceded plus \$assumed)			10,391,991		10,391,991
4. Legal fees and expenses			681,691		681,691
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	186,142		3,736,565		3,922,707
7. Traveling expenses	39,555	9,193	395,027		443,775
8. Marketing and advertising	474,908	4,932	13,766,385		14,246,225
9. Postage, express and telephone	23,697	187,153	3,418,852		3,629,703
10. Printing and office supplies	6,242		170,246		176,488
11. Occupancy, depreciation and amortization	26,688	65,059	189,034		280,781
12. Equipment			322,606		322,606
13. Cost or depreciation of EDP equipment and software	475,178	1,178,209	14,486,780		16,140,167
14. Outsourced services including EDP, claims, and other services	2,852,221	3,905,738	31,380,317		38,138,276
15. Boards, bureaus and association fees			399,585		399,585
16. Insurance, except on real estate			226,676		226,676
17. Collection and bank service charges			563,842		563,842
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses			89,155		89,155
22. Real estate taxes			26,110		26,110
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			301,953		301,953
23.4 Payroll taxes	625,187	286,582	3,660,813		4,572,582
23.5 Other (excluding federal income and real estate taxes)			10,338,362		10,338,362
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	21,599	379	6,224,521	0	6,246,499
26. Total expenses incurred (Lines 1 to 25)	14,199,421	10,380,520	163,699,978	0 (a)	188,279,920
27. Less expenses unpaid December 31, current year		1,616,359	31,602,010		33,218,368
28. Add expenses unpaid December 31, prior year	0	1,211,592	30,512,466	0	31,724,058
29. Amounts receivable relating to uninsured plans, prior year	0	0	60,000	0	60,000
30. Amounts receivable relating to uninsured plans, current year			1,070,000		1,070,000
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	14,199,421	9,975,753	163,620,435	0	187,795,609
DETAILS OF WRITE-INS					
2501. Miscellaneous	21,599	379	6,224,521		6,246,499
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	21,599	379	6,224,521	0	6,246,499

(a) Includes management fees of \$6,084,311 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....263,201	.....260,951
1.1	Bonds exempt from U.S. tax	(a).....1,202	.....2,770
1.2	Other bonds (unaffiliated)	(a).....956,204	.....953,992
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....1,981,090	.....1,721,657
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....94,819	.....82,410
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....44,167	.....41,904
10.	Total gross investment income	3,340,683	3,063,684
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....4,137
14.	Depreciation on real estate and other invested assets		(i).....935,081
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....939,218
17.	Net investment income (Line 10 minus Line 16)		2,124,466
DETAILS OF WRITE-INS			
0901.	Deferred Compensation.....	.....27,663	.....27,663
0902.	Rabbi Trust.....	.....16,504	.....14,241
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	44,167	41,904
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$62,313 accrual of discount less \$796,298 amortization of premium and less \$121,741 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$2,115 accrual of discount less \$22,541 amortization of premium and less \$8,157 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(224,221)		(224,221)	(36)	
1.1	Bonds exempt from U.S. tax	(964)		(964)		
1.2	Other bonds (unaffiliated)	96,380		96,380	(12,428)	
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	1,060,817	0	1,060,817	(3,634,125)	0
2.21	Common stocks of affiliates	0	0	0	7,112,149	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	(2,204)	0	(2,204)		0
5.	Contract loans	0		0		
6.	Cash, cash equivalents and short-term investments	(3,061)		(3,061)	0	0
7.	Derivative instruments	34,468		34,468	67,697	
8.	Other invested assets	0	0	0	1,378,885	0
9.	Aggregate write-ins for capital gains (losses)	59,966	0	59,966	131,303	0
10.	Total capital gains (losses)	1,021,181	0	1,021,181	5,043,445	0
DETAILS OF WRITE-INS						
0901.	Rabbi Trust and Deferred Compensation.....	59,966		59,966	131,303	
0902.	.....			0		
0903.	.....			0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	59,966	0	59,966	131,303	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	40,171,324	44,630,429	4,459,105
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	6,445,216	2,376,760	(4,068,456)
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	46,616,540	47,007,189	390,649
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	78,025,740	50,656,601	(27,369,139)
21. Furniture and equipment, including health care delivery assets.....	4,133,589	887,244	(3,246,345)
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	2,109,900	0	(2,109,900)
25. Aggregate write-ins for other-than-invested assets	3,130,504	3,178,620	48,116
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	134,016,273	101,729,654	(32,286,619)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	134,016,273	101,729,654	(32,286,619)
DETAILS OF WRITE-INS			
1101.		0	0
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expense.....	3,130,504	3,048,029	(82,475)
2502. Intangible Asset.....		130,591	130,591
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,130,504	3,178,620	48,116

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	342,264	336,775	332,726	331,139	329,298	3,999,656
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	342,264	336,775	332,726	331,139	329,298	3,999,656
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Corporation’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan are shown below:

	<u>State of</u> <u>Domicile</u>	<u>2013</u>	<u>2012</u>
<u>NET INCOME</u>			
(1) HAP state basis (Page 4, Line 32, Columns 2 & 3)	Michigan	\$17,880,000	\$21,833,000
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(4) NAIC SAP (1-2-3=4)	Michigan	<u>\$17,880,000</u>	<u>\$21,833,000</u>
<u>SURPLUS</u>			
(5) HAP state basis (Page 3, Line 33, Columns 3 & 4)	Michigan	\$210,224,000	\$231,455,000
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(8) NAIC SAP (5-6-7=8)	Michigan	<u>\$210,224,000</u>	<u>\$231,455,000</u>

B. Use of Estimates in the Preparation of the Financial Statements - The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage is credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.

In addition, the Corporation uses the following accounting policies:

- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
- (2) Bonds not backed by other loans - are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security.
- (3) Common stocks are carried at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.
- (4) Preferred Stocks - NOT APPLICABLE.
- (5) Mortgage Loans - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

- (6) Loan-Backed Securities - loan backed securities are stated at amortized cost or the lower of amortized cost or fair value based on the NAIC designation of the underlying security. The retrospective method is used to value all securities. Amortized cost is determined utilizing the scientific interest method.
- (7) The Corporation's subsidiaries are included in the statements of admitted assets, liabilities, and capital and surplus based upon the audited statutory equity or the audited U.S. GAAP equity of the related subsidiary. The Corporation's proportionate share of undistributed earnings is included in unrealized gains and losses. In accordance with SSAP No. 68, Business Combinations and Goodwill, the Corporation reports its investments in subsidiaries inclusive of goodwill. Goodwill in excess of 10% of the Corporation's adjusted capital and surplus is nonadmitted.
- (8) The Corporation has a minor ownership interest in a limited liability limited term high yield fund. The Corporation carries this investment based on the underlying audited GAAP equity of the fund and reports the increase or decrease in the investments in unrealized gains and losses.
- (9) Derivatives are stated at fair value.
- (10) The Corporation anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts. As of December 31, 2013, the Corporation is not required to report a premium deficiency reserve.
- (11) The Corporation's method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Corporation has not modified its capitalization policy from the prior year.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERROR

A. Material changes in accounting principles and/or correction of errors

Effective January 1, 2013, SSAP No. 92, Accounting for Postretirement Benefits Other than Pensions, A Replacement of SSAP No. 14 and SSAP No. 102, Accounting for Pensions, A Replacement of SSAP No. 89, replace SSAP No. 14, Postretirement Benefits Other than Pensions and SSAP No. 89, Accounting for Pensions, A Replacement of SSAP No. 8. The Corporation did not elect early adoption and instead adopted SSAP Nos. 92 and 102 effective January 1, 2013. The impact on the Corporation's surplus is a decrease to capital and surplus of approximately \$5,282,000.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

The Corporation acquired a 100% interest in Midwest Health Plan (MHP) on November 1, 2011. MHP is a health maintenance organization serving Medicaid and Medicare enrollees in Southeast Michigan. The Corporation accounted for the acquisition using the statutory- purchase method as defined in SSAP No. 68, Business Combinations and Goodwill. The initial investment in MHP was \$79.6 million. The acquisition resulted in goodwill of \$60.5 million which will be amortized over 10 years. The Corporation recognized goodwill amortization of \$6,210,000 and \$6,110,000 for the years ended December 31, 2013 and 2012, respectively, in net unrealized capital gains and losses.

In the year ended December 31, 2012, the Corporation recorded an additional purchase price adjustment of \$1,567,000 related to the MHP acquisition. This resulted from a true-up of certain balance sheet contingencies in the Purchase Agreement.

The Corporation performs the test of significance of an investment to its financial position and results of operations as required by SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88. The carrying value of the investment in MHP exceeded 10% of the Corporation's admitted assets as of December 31, 2013. MHP's financial statement information as of December 31, 2013 included total assets of \$82,056,000, total liabilities of \$50,656,000 and net income of \$9,440,000 recorded in net unrealized capital gains and losses.

The Corporation acquired 67% ownership in Administration Systems Research Corporation (ASR) on June 17, 2011. ASR is a third party administrator (TPA). The Corporation accounted for the acquisition using the statutory-purchase method as defined in SSAP No. 68, Business Combinations and Goodwill. The initial investment in ASR was \$11,800,000. The acquisition resulted in goodwill of \$11,518,000, which will be amortized over 10 years. The Corporation recognized goodwill amortization of \$1,152,000 and \$1,152,000 for the years ended December 31, 2013 and 2012, respectively, in net unrealized capital gains and losses.

B. Statutory Merger - NOT APPLICABLE.

C. Assumption Reinsurance - NOT APPLICABLE.

D. Impairment Loss - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

4. DISCONTINUED OPERATIONS

The Corporation has no discontinued operations to report.

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE.

B. Debt Restructurings - NOT APPLICABLE.

C. Reverse Mortgages - NOT APPLICABLE.

D. Loan-Backed Securities

(1) Sources used to determine prepayment assumptions:

Prepayment assumptions for loan-backed and asset backed securities are obtained from broker dealer survey values. A change from the retrospective to the prospective method has not been made.

(2) - (3) Loan-backed securities with a recognized other-than-temporary impairment:

The Corporation has not deemed it necessary to recognize any other than temporary impairments in its earnings as a realized loss in relation to its loan-backed securities.

(4) Loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

- 1. Less than 12 months \$725,000.
- 2. 12 Months or longer \$ 55,000.

b. The aggregate related fair value of securities with unrealized losses:

- 1. Less than 12 months \$34,254,000.
- 2. 12 Months or longer \$ 2,067,000.

(5) In considering whether an investment is other-than-temporarily impaired, management considers its ability and intent to hold the investment, the severity of the decline in fair value and the duration of the impairment, among other factors. Management has determined that it has the ability and intent to hold indefinitely its investment in its loan-backed securities and that the severity and duration of any impairment is insufficient to indicate an other- than-temporary impairment.

E. Repurchase Agreements and/or Securities Lending Transactions

(1) The Corporation has repurchase agreements with banks and brokers that are collateralized by cash or highly liquid low risk securities equal to at least 102% of the market value of the repurchase agreement. Eligible collateral includes cash, U.S. Treasury securities, and U. S. Government agency securities and high grade commercial paper. Securities collateral is placed with a trustee bank and does not get reinvested. Cash collateral received is included with portfolio cash.

(2) Assets pledged as collateral that are not reclassified and separately reported – NOT APPLICABLE.

(3) Collateral Received

a. Aggregate Amount of Collateral Received

	<div>Fair Value</div>
1. Repurchase Agreement	
(a) Open	
(b) 30 Days or Less	\$400,000
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Subtotal	<div>\$400,000</div>
(g) Securities Received	<div>418,000</div>
(h) Total Collateral Received	<div>\$418,000</div>

b. The fair value of collateral received is \$418,000. None of the collateral has been sold or replugged.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

c. The Corporation’s portfolio manager, Pacific Investment Management Company, is permitted by contract to sell or repledge collateral received but as a matter of standard policy does not do so.

(4) The Corporation as a matter of policy is not allowed to enter into securities lending transactions.

(5) The Corporation’s portfolio manager, Pacific Investment Management Company, is contractually prohibited from reinvesting security collateral.

(6) Collateral not permitted by contract or custom to be resold or repledged – NOT APPLICABLE.

(7) The Corporation as a matter of policy is not allowed to enter into securities lending transactions.

F. Real Estate - the Corporation has not recognized an impairment loss on its investments in real estate and has not sold or classified real estate investments as held for sale.

G. Investments in Low-Income Housing Tax Credits - NOT APPLICABLE.

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. On deposit with states	\$1,000,000	\$1,000,000		\$1,000,000	0.2%	0.2%
j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories	\$106,000	\$57,363	\$48,637	\$106,000	0.0%	0.0%
l. Other restricted assets	\$12,000,000	\$12,000,000		\$12,000,000	2.0%	2.6%
m. Total Restricted Assets	\$13,106,000	\$13,057,363	\$48,637	\$13,106,000	2.2%	2.9%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

	1	2	3	4	5	6
Description of Assets	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Derivatives	\$106,000	\$57,363	\$48,637	\$106,000	0.0%	0.0%
Total	\$106,000	\$57,363	\$48,637	\$106,000	0.0%	0.0%

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(3) Detail of Other Restricted Assets

	1	2	3	4	5	6
Description of Assets	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Stop Loss Out-of-Network Reserve	\$12,000,000	\$12,000,000		\$12,000,000	2.0%	2.6%
Total	\$12,000,000	\$12,000,000		\$12,000,000	2.0%	2.6%

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Corporation has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Corporation did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Corporation had no excluded investment income.

8. DERIVATIVE INSTRUMENTS

A-B. HAP uses futures to hedge the aggregate interest rate risk in its fixed-income investment portfolio. HAP has entered into exchange-traded securities futures, money market and government futures whereby it has agreed to both deliver and receive U.S. Treasury Notes at a specified date. Cash requirements include the payment of an initial margin at the commencement of a contract and daily settlement based on fluctuations in the variation margin. Futures contracts are traded on a regulated exchange with positions marked-to-market daily. Therefore, HAP has little exposure to credit-related losses.

HAP uses options on swap agreements (“swaptions”) to generate income in its fixed-income investment portfolio. Swaptions are traded over-the-counter and are, therefore, subject to counterparty risk. Counterparty risk is mitigated through the selection of creditworthy counterparties. Exchange traded options on swaps are also utilized. HAP has entered into swaption agreements whereby it has sold to various counterparties the option to enter into an interest rate swap agreement in exchange for an up-front cash payment. The swap agreement, if initiated under the option, calls for HAP to receive a fixed rate of interest from the counterparty and pay a variable rate based on LIBOR.

C. HAP has not deemed the hedges entered into as of December 31, 2013 as highly effective hedges and therefore its hedges are not eligible for the special hedge accounting. HAP's futures contracts are recorded as an asset equal to the fair value of the contract at its inception. Changes in fair value, or variation margin, are recorded as realized gains or losses. HAP's swaption contracts are recorded as a liability equal to the fair value of the contract at its inception, which is also the cost of the contract. Realized gains and losses are recognized in earnings and unrealized gains or losses are charged to the capital and surplus account.

D. HAP does not have any net gain or loss recognized in unrealized gains or losses excluded from the assessment of hedge effectiveness.

E. The net gain or loss recognized in unrealized gains or losses resulting from futures and swaption contracts that no longer qualify for hedge accounting - NOT APPLICABLE.

F. Derivatives accounted for as cash flow hedges of a forecasted transaction – NOT APPLICABLE.

9. INCOME TAXES

A. Deferred Tax Assets or Deferred Tax Liabilities - NOT APPLICABLE.

B. Unrecognized Deferred Tax Liabilities - NOT APPLICABLE.

C. Components of Income Tax Incurred - NOT APPLICABLE.

D. Significant Book to Tax Adjustments - NOT APPLICABLE.

E. Operating Loss and Tax Credit Carryforwards - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

F. Consolidated Federal Tax Returns - NOT APPLICABLE.

G. Federal or Foreign Income Tax Loss Contingencies – NOT APPLICABLE.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A. The Corporation has four subsidiaries, HAP Preferred, Inc. (HPI), Alliance Health and Life Insurance Company (AHLIC), Midwest Health Plan, HAP Community Alliance, and a controlling interest in ASR Corporation. The Corporation is a subsidiary of Henry Ford Health System (HFHS).

B. The Corporation has management agreements with HPI and AHLIC in which it provides various administrative and support services. The Corporation also provides claims processing and premium billing and collection services for AHLIC. HPI provides care and utilization management services to the Corporation's members.

C. The Corporation received subscription revenue from related parties totaling approximately \$177,529,000 and \$180,288,000 in 2013 and 2012, respectively. The Corporation purchased healthcare and administrative services from related parties totaling approximately \$596,467,000 and \$649,968,000 in 2013 and 2012, respectively.

D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$442,000, \$3,471,000 and \$116,000 from HPI, AHLIC and Midwest Health Plan respectively and intercompany payables of \$509,000, \$722,000 and \$1,122,000 due to HPI, HFHS and AHLIC, respectively. The terms of the settlement require that these amounts are settled within 15 days.

E. As a member of the Henry Ford Health System Obligated Group (the Obligated Group), the Corporation is jointly and severally liable with the other members of the Obligated Group for outstanding obligations issued under the master indenture. The Obligated Group has no guarantees outstanding for the indebtedness of other entities.

F. The Corporation has management agreements with HPI, AHLIC, MHP and ASR. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to AHLIC, Midwest Health Plan, ASR and HPI totaled approximately \$34,994,000 and \$25,383,000 in 2013 and 2012, respectively. Included in the statement of admitted assets, liabilities and capital and surplus are receivables associated with healthcare services purchased from related parties totaling approximately \$476,000 and \$5,818,000 in 2013 and 2012, respectively.

G. Common Ownership or Control - The Corporation and its subsidiaries and affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.

H. Ownership in an Upstream Affiliate or Parent - NOT APPLICABLE.

I. Investments in SCA Entities Exceeding 10% of Admitted Assets - NOT APPLICABLE.

J. Investments in Impaired SCA Entities - NOT APPLICABLE.

K. Investments in Foreign Insurance Subsidiaries - NOT APPLICABLE.

L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE.

11. DEBT

A. Debt, including Capital Notes and Reverse Repurchase Agreements

The Corporation has a Promissory Note outstanding in the amount of \$40 million due to Henry Ford Health System, its Parent Company. The Promissory Note was issued December 1, 2011 with principal and interest payments due monthly through November 1, 2021. Interest accrues at LIBOR plus 65 basis points. Early repayment may be made at the option of the Corporation.

The Corporation has no reverse repurchase agreements outstanding.

B. FHLB (Federal Home Loan Bank) Agreements - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS

A. The Corporation has a noncontributory defined-benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are based on years of service and final average earnings of each participating employee. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective December 31, 2011, the Corporation permanently froze the final average pay defined-benefit formula for all nonrepresented participants. Effective January 1, 2012, the Corporation instituted a cash balance defined-benefit formula for all nonrepresented participants and also for participants represented by United Automobile Workers (UAW) Local Union 600 Office/Non-Exempt Bargaining hired on or after January 1, 2012, and for participants represented by UAW Local Union Sale and Labor participants hired on or after April 1, 2012.

The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

The Corporation provides postretirement healthcare and life insurance benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of a fixed dollar subsidy.

A summary of the changes in benefit obligations for the Pension and Other Postretirement Benefit Plans at December 31, 2013 and 2012 are as follows (dollars in thousands):

(1) Change in benefit obligation

a. Pension Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year			\$89,174	\$76,397
2. Service cost			4,745	4,047
3. Interest cost			3,630	3,176
4. Contribution by plan participants	N/A			
5. Actuarial gain (loss)			(10,238)	8,770
6. Foreign currency exchange rate changes				
7. Benefits paid			(9,258)	(2,524)
8. Plan amendments			752	
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other			7,238	(692)
10. Benefit Obligation at end of year			\$86,043	\$89,174

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

b. Postretirement Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year			\$1,353	\$1,223
2. Service cost			57	88
3. Interest cost			58	50
4. Contribution by employer			(52)	(75)
5. Actuarial gain (loss)	N/A		(227)	77
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments			211	(44)
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other			15	34
10. Benefit Obligation at end of year			\$1,415	\$1,353

c. Postemployment & Compensated Absence Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year				
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)	N/A		N/A	
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other				
10. Benefit Obligation at end of year				

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Postemployment	
	2013	2012	2013	2012	2013	2012
a. Fair Value of plan assets at beg of year	\$59,973	\$50,541				
b. Actual return on plan assets	6,600	6,952				
c. Foreign curr exchange rate changes						
d. Reporting entity contribution	1,172	5,697	52	75	N/A	
e. Plan participants' contributions						
f. Benefits paid	(9,258)	(2,525)	(52)	(75)		
g. Business combinations, divestitures, and settlements						
Other	4,881	(692)				
h. Fair value of plan assets at end of year	\$63,368	\$59,973	\$0	\$0		

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(3) Funded status

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs				
2. Overfunded plan assets				
3. Total assets (nonadmitted)				
Underfunded:				
b. Liabilities recognized				
1. Accrued benefit costs	\$6,145	\$848	\$1,391	\$1,248
2. Liability for pension benefits	16,530	28,353	24	105
3. Total liabilities recognized	\$22,675	\$29,201	\$1,451	\$1,353
c. Unrecognized liabilities				

(4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence Benefits	
	2013	2012	2013	2012	2013	2012
a. Service cost	\$4,745	\$4,047				
b. Interest cost	3,630	3,176				
c. Expected return on plan assets	(4,581)	(3,908)				
d. Transition asset or obligation	603	603			N/A	
e. Gains and losses	2,949	2,351				
f. Prior service cost or credit	(877)	(1,291)				
g. Gain or loss recognized due to a settlement or curtailment		(2)				
h. Total net periodic benefit cost	\$6,469	\$4,976	\$0	\$0		

(5) Amounts in unassigned funds (surplus)

recognized as components of net periodic
benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Items not yet recognized as a component of net periodic cost-prior year	\$28,353	\$24,287	\$104	\$76
b. Net transition asset or obligation recognized	(603)	(603)	14	14
c. Net prior service cost or credit arising during the period	752		211	(44)
d. Net prior service cost or credit recognized	877	1,292	(43)	12
e. Net gains and loss arising during the period	(9,900)	5,726	(227)	76
f. Net gain and loss recognized	(2,949)	(2,351)	(35)	(30)
Other		2		
g. Items not yet recognized as a component	\$16,530	\$28,353	\$24	\$104

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	(\$603)	(\$603)	(\$14)	(\$14)
b. Net prior service cost or credit	(916)	(877)	44	(11)
c. Net recognized gains and losses	1,197	2,949		35

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	\$5,879	\$6,482	(\$135)	(\$149)
b. Net prior service cost or credit	(9,292)	(10,920)	129	(39)
c. Net recognized gains and losses	19,942	32,792	31	293

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

	2013	2012
a. Weighted-average discount rate	3.80%	4.30%
b. Expected long-term rate of return on plan assets	7.50%	7.75%
c. Rate of compensation increase	Age-related	Age-related
	Salary Scale	Salary Scale

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2013	2012
d. Weighted-average discount rate	4.70%	3.80%
e. Rate of compensation increase	Age-related	Age-related
	Salary Scale	Salary Scale

For measurement purposes, various annual rates of increase in the per capita cost of covered health care benefits was assumed for 2013. The rate was assumed to decrease gradually to 5% percent for 2014 and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for the defined benefit plan was \$81,504,000 for the current and \$84,829,000 for the prior year.

(10) The Corporation also provides postretirement health care benefits to employees who meet minimum age and years of service requirements. Benefits to eligible employees may require employee contributions or may be provided in the form of a fixed dollar subsidy.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	0	0
b. Effect on postretirement benefit obligation	\$2	(\$2)

(12) The following benefit payments, which reflect expected future service, as appropriate, are expected be paid in the years indicated:

	Pension Benefits	Post- retirement Benefits	Annual Subsidy
2014	\$7,953,000	\$76,000	\$20,000
2015	6,334,000	72,000	21,000
2016	6,511,000	73,000	23,000
2017	6,680,000	77,000	27,000
2018	6,146,000	82,000	31,000
Years 2019 through 2023	39,004,000	587,000	40,000

(13) The Corporation is expected to make a contribution to the Plan during 2014 in the amount of \$11,461,000
The Corporation is expected to make a \$76,000 contribution to the postretirement health care plan in 2014.

(14) There are no securities of the Corporation and related parties included in plan assets, no future benefits of plan participants are covered by insurance contracts issued by the Corporation or its related parties and there are no significant transactions between the Corporation or its related parties and the plan during the period other than those previously disclosed.

(15) Alternative methods used to amortize prior service amounts or net gains and losses – NOT APPLICABLE.

(16) Substantive commitments used as the basis for accounting for the benefit obligation – NOT APPLICABLE.

(17) The cost of providing special or contractual termination benefits recognized during the period - NOT APPLICABLE.

(18) Any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by SSAP No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 and SSAP No. 92, Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14- NOT APPLICABLE.

(19) Plan assets expected to be returned to the Corporation - NOT APPLICABLE.

(20) The accumulated postretirement and pension benefit obligation as of December 31, 2013 is \$82,919,000. The fair value of HAP’s plan assets for defined postretirement and pension benefits is \$63,368,000. HAP’s postretirement benefit plans are currently in an underfunded status. The impact on HAP’s surplus necessary to reflect the full benefit obligation is \$16,554,000.

(21) The Corporation has adopted SSAP Nos. 92 and 102 effective January 1, 2013 utilizing the transition option of not more than 10 years. The impact on the Corporation’s December 31, 2013 surplus, assuming immediate recognition of SSAP Nos. 92 and 102, is a decrease to capital and surplus of approximately \$5,282,000. The Corporation anticipates an annual amortization amount of \$-0- of the unrecognized transition obligation into net periodic benefit cost.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

B. The Corporation invests the majority of the assets of the Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The percentage of the fair value of total plan assets held as of December 31, the measurement date, is shown below (amounts are in percentages).

	2013	2012	Target
Stock and stock funds	45	43	37
Bonds and bond funds	26	29	33
Global asset allocation	25	24	20
Alternative investments	3	3	8
Cash and cash equivalents	1	1	2
Total	100	100	

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering both historical experience and the current economic environment. The expected returns of various asset categories are blended to derive one long-term assumption.

C. Fair value of Plan Assets

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	598			598
Equity securities:				
Collective funds-asset allocation	13,701	2,605		16,306
Collective funds-common stock	6,660	18,761		25,421
Collective funds-debt securities	7,332	10,314		17,646
Common stock	4,555			4,555
Hedge funds and private equities			1,758	1,758
Total Plan Assets	32,846	31,680	1,758	66,284

(2) Fair Value of Plan Assets Using Significant Unobservable Inputs (Level 3)

Descrip for each class of plan assets	Beg Bal 1/1/13	Transfers into Level 3	Transfers out of Level 3	Ret on Assets Held	Ret on Assets Sold	Purchases	Issuances	Sales	Settlement	End Bal 12/31/13
Priv equities	2,098			124		150			(614)	1,758
Hedge Funds	1								(1)	
Plan Assets	2,099			124		150			(615)	1,758

(3) The estimated fair values of investments in hedge funds and private equities are based on the most current financial statements issued by each fund adjusted for cash flows to and from the fund subsequent to the financial statement reporting date.

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets Assumption

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering historical experience, current economic environment, and forecasted risk/reward assumptions. The expected returns of various asset categories are blended to derive one long-term assumption.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

E. Defined Contribution Plan

The Corporation maintains a 401(k) plan for the employees of the Corporation. The plan is a defined contribution plan and all employees become eligible to participate after completion of age and service requirements. Under the Plan, a participant may annually contribute an amount not to exceed the contribution limits established by the Internal Revenue Code.

The Corporation enhanced the 401(k) matching contribution as a result of the changes to the defined benefit pension plan. Effective January 1, 2012, the Corporation, at its discretion, can make a matching contribution equal to 100% of the first 1% and 50% of the next 5% of the employee's elective deferral (3.5% maximum match). For years prior to 2012, the matching contribution was equal to 50% of the of the employee's elective deferral up to 6% of compensation (3.0% maximum match). The expense was approximately \$1,666,000 and \$1,343,000 in 2013 and 2012 respectively.

F. Multi-employer Plans - NOT APPLICABLE.

G. Consolidated/Holding Company Plans - NOT APPLICABLE.

H. Postemployment Benefits and Compensated Absences - NOT APPLICABLE.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE.

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.

(1) Capital Stock - NOT APPLICABLE.

(2) Preferred Stock - NOT APPLICABLE.

(3) Dividend Restrictions - without the prior written approval of its domiciliary commissioner dividends are limited by the laws of the Corporation's state of incorporation, Michigan, to the greater of 10% of capital and surplus or net income for the previous year.

(4) The Corporation has paid an ordinary dividend of \$21,800,000 in June 2013 to its parent company, HFHS.

(5) Dividend Restrictions Based on Profits - within the restrictions of (3) above, there are no restrictions placed on the amount of profits that may be paid out as ordinary dividends.

(6) Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE.

(7) Advances to Surplus not Repaid - NOT APPLICABLE.

(8) Stock Held for Special Purposes - NOT APPLICABLE.

(9) Changes in Special Surplus Funds - NOT APPLICABLE.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses are \$39,500,000.

(11) Surplus Notes - NOT APPLICABLE.

(12) Impact of a Restatement Due to a Quasi-Reorganization - NOT APPLICABLE.

(13) The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years - NOT APPLICABLE.

14. CONTINGENCIES

A. Contingent Commitments

The Corporation is a member of the Henry Ford Health System Obligated Group (the Obligated Group). Members of the Obligated Group are jointly and severally liable for outstanding obligations issued under the master indenture which having a carrying value of \$907,341,000 as of December 31, 2013.

B. Assessments - NOT APPLICABLE.

Under the Michigan Health Insurance Claims Assessment Act, the Corporation incurs an assessment on certain health care claims. The Corporation bears the ultimate responsibility of the assessment and therefore records the tax under the gross method. The taxes collected and paid are recorded in premium revenues and general and administrative expense, respectively. A liability is reflected in General expenses due or accrued in the amount of \$2,172,000 as of December 31, 2013.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

- C. Gain Contingencies - NOT APPLICABLE.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - NOT APPLICABLE.
- E. All Other Contingencies - The Corporation is party to lawsuits incident to the operations. Management believes that the ultimate disposition of such contingencies will not have a material effect on the accompanying financial statements. The Corporation has no assets that it considers to be impaired.

Risk Adjustment Data Validation Audits (“RADV audits”). CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted by the Company and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. To date, the Company has not been selected for audit by CMS. Payment years open for audit include 2011 and forward.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the “error rate” identified in audit samples. CMS also indicated that it anticipated the final methodology would be issued in the near future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the Company’s results of operations, financial position and cash flows.

15. LEASES

- A. Lessee Operating Lease
 - (1)
 - a. The Corporation leases office facilities and equipment under various noncancelable operating lease agreements that expire through December 2024. Rental expense for 2013 and 2012 was approximately \$2,046,000 and \$1,242,000, respectively.
 - b. Certain rental commitments have renewal options extending through the year 2013. Some of these renewals are subject to adjustments in future periods.

(2) At January 1, 2014, the minimum aggregate rental commitments are as follows:

Year Ending December 31	
1. 2014	\$2,177,000
2. 2015	1,987,000
3. 2016	2,035,000
4. 2017	2,083,000
5. 2018	<u>1,054,000</u>
6. Total	<u>\$ 9,336,000</u>

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$2,046,000 and \$1,242,000 for the years ended December 31, 2013 and 2012, respectively. A portion of the annual rent expense is allocated to an affiliated subsidiary each year.

- (3) Material Sales - Leaseback Transactions - NOT APPLICABLE.
- B. Lessor Leases - NOT APPLICABLE.
- C. Leveraged Leases - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

- (1) The table below summarizes the face amount of the Corporation's financial instruments with off-balance-sheet risk.

	Assets		Liabilities	
	2013	2012	2013	2012
a. Swaps	\$173,000	\$108,000	\$5,000	\$133,000
b. Futures				
c. Options				
d. Total	\$173,000	\$108,000	\$5,000	\$133,000

HAP uses futures contracts to hedge the aggregate interest rate in its fixed-income investment portfolio. HAP has entered into exchange-traded securities futures, money market and government futures whereby it has agreed to both deliver and receive U.S. Treasury securities at a specified date. Other than payment of an initial margin, no cash is exchanged at the outset of the contract and neither party makes principal payments. These transactions are entered into pursuant to a master agreement that provides for the payment of variation margin on a daily basis.

Under exchange-traded securities futures, HAP agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of the contracts. The parties with whom HAP enters into exchange-traded futures are regulated futures commissions merchants who are members of a trading exchange.

HAP uses swaptions to generate income in its fixed-income investment portfolio. HAP has entered into over-the-counter swaption agreements in which it received initial cash payments in exchange for providing the counterparties with the option to enter into interest rate swaps under terms specified in the option contracts. Exchange traded options on swaps are also utilized. HAP enters into collateral exchange agreements with its counterparties in which either party must post collateral if it is the liable party and the amount owed to close out the contract (i.e. the market value of the swaption is \$250,000 or greater). Collateral must be either cash or high-quality, readily marketable bonds and is posted in increments of \$250,000. Should the counterparty exercise the option, cash flows would occur based on the terms of the swap.

HAP is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. Because exchange-traded futures are affected through a regulated exchange and positions are marked to market on a daily basis, HAP has little exposure to credit-related losses in the event of nonperformance by counterparties to its futures contracts. The credit exposure of exchange-traded instruments is represented by the negative change, if any, in the market value of contracts from the market value at the reporting date.

HAP is required to put up initial margin for any futures contracts that are entered into. The amount that is required is determined by the exchange on which it is traded. Maintenance margin may be required. HAP currently puts up cash to satisfy this initial margin requirement. As of December 31, 2013, HAP has posted initial margin of \$58,000 and has a receivable for variation margin of \$2,900.

The current exposure of HAP's futures contracts is limited to the market value at the reporting date. Credit risk is managed by entering into transactions with creditworthy counterparties. HAP's investment managers also attempt to minimize exposure to credit risk through the use of various credit monitoring methods. HAP has entered into futures contracts with investment grade counterparties.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. Transfers of Receivables Reported as Sales - NOT APPLICABLE.
- B. Transfer and Servicing of Financial Assets - NOT APPLICABLE.
- C. Wash Sales - NOT APPLICABLE.

18. GAIN OR LOSS TO THE ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

- A. ASO Plans - NOT APPLICABLE.
- B. ASC Plans - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

- (1) Revenue from the Corporation's Medicare Part D cost based reimbursement portion of its CMS contract consisted of \$5,606,000 and \$4,228,000 for the reinsurance subsidy and \$2,798,000 and \$2,555,000 for the low-income cost sharing subsidy for the years 2013 and 2012, respectively.
- (2) As of December 31, 2013 and 2012, respectively, the Corporation had recorded receivables from the following payors whose balances are greater than 10% of the Corporation's amounts receivable from uninsured accident and health plans or \$10,000:

	<u>2013</u>	<u>2012</u>
Centers for Medicare and Medicaid Services (CMS)	\$1,070,000	\$60,000

- (3) Allowances and Reserves for Adjustment of Recorded Revenues - NOT APPLICABLE.
- (4) The Corporation has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

NOT APPLICABLE.

20. FAIR VALUE MEASUREMENT

A.

- (1) Fair Value Measurements at Reporting Date

Description	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at Fair Value				
Bonds:				
U.S. Governments	\$104,259,000	4,200,000		\$108,459,000
Industrial and Misc.	60,072,000	1,822,000		61,894,000
Total Bonds	<u>164,331,000</u>	<u>6,022,000</u>		<u>170,353,000</u>
Common Stock:				
Industrial and Misc.		\$58,764,000		58,764,000
Other Equity Securities	1,711,000			1,711,000
Total Common Stocks	<u>1,711,000</u>	<u>58,764,000</u>		<u>60,475,000</u>
Derivative Assets:				
Swaps		173,000		173,000
Total Derivative Assets		<u>173,000</u>		<u>173,000</u>
Total Assets at Fair Value	<u>\$166,042,000</u>	<u>\$64,959,000</u>		<u>\$231,001,000</u>
b. Liabilities at Fair Value				
Swaps		\$5,000		\$5,000
Total Liabilities at Fair Value		<u>\$5,000</u>		<u>\$5,000</u>

- (2) The Corporation's policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The Corporation had no transfers between levels.
- (3) The Corporation has no fair value measurements categorized within Level 3 of the fair value hierarchy.
- (4) The fair value measurements categorized within Level 2 of the fair value hierarchy reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources. Mortgage backed securities are submitted to the NAIC's Securities Valuation Office for valuation.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(5) Derivative assets and liabilities:

Description	Beginning Balance at 01/01/13	Transfers	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Sales	Settlements	Ending Balance at 12/31/13
a. Assets:								
Derivatives:								
Futures and								
Swaps	108,000		88,000	(34,000)	117,000		(106,000)	173,000
Total Assets	108,000		88,000	(34,000)	117,000		(106,000)	173,000
b. Liabilities:								
Derivatives:								
Swaps	133,000		117,000	(102,000)	(178,000)	35,000		5,000
Total Liabilities	133,000		117,000	(102,000)	(178,000)	35,000		5,000

The fair value measurements reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources.

The Corporation's policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer.

There were no transfers between levels for derivative assets and liabilities in 2013.

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements - NOT APPLICABLE.

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/ Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carrying Value
Bonds	240,055,000	240,287,000	164,331,000	75,724,000		
Common Stock	60,475,000	60,475,000	1,711,000	58,764,000		
Derivative Assets	173,000	173,000		173,000		
Derivative Liabilities	(5,000)	(5,000)		(5,000)		

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

21. OTHER ITEMS

A. Extraordinary Items - NOT APPLICABLE.

B. Troubled Debt Restructuring - NOT APPLICABLE.

C. Other Disclosures and Unusual Items

Statutory Reserve: As a condition of licensure with the State of Michigan, the Corporation maintains a deposit of \$1,000,000 in a segregated account. These funds can only be used by the Corporation at the direction of the Insurance Commissioner of the State of Michigan. These funds are invested in a money market fund (stated at fair value). Interest on these funds accrues to the Corporation.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

Stop Loss/Out-of-Network Reserve: During 2003, the Corporation established a trust in the amount of \$12,000,000 for the sole benefit of subscribers and enrollees, to cover catastrophic exposure for members where HAP retains risk for health care services, which exceed \$500,000 per occurrence and, in the event of insolvency, to cover services provided to members by noncontracted providers. The funds are maintained in compliance with an agreement with the Insurance Commissioner for the State of Michigan and can only be used by the Corporation at the direction of the Insurance Commissioner. The funds are invested in a money market fund (stated at fair value) and interest on these funds accrues to the Corporation.

At December 31, 2013 and December 31, 2012 the Corporation had admitted assets of \$46,548,000 and \$38,354,000, respectively, in Uncollected Premiums. The Corporation routinely assesses the collectability of these receivables. Based upon the Corporation's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Corporation's financial condition.

The Corporation has a receivable in the amount of \$1,070,000 from CMS related to uninsured accident and health plans. The Corporation has no receivables for retrospectively rated contracts.

D. Business Interruption Insurance Recoveries - NOT APPLICABLE.

E. State Transferable Tax Credits - NOT APPLICABLE.

F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE.

G. Retained Assets – NOT APPLICABLE.

H. Offsetting and Netting of Assets and Liabilities – NOT APPLICABLE.

I. Joint and Several Liabilities

Based on SSAP No. 5R, Liabilities, Contingencies, and Impairments of Assets, the Corporation has determined that any liabilities as a member of the Obligated Group would be immaterial. The Parent company is current in all payments of principal and interest and the Parent's external credit rating has consistently been A1 over the past 5 years.

22. EVENTS SUBSEQUENT

Type I – Recognized Subsequent Events - NOT APPLICABLE.

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2014 for the Statutory Statements issued on December 31, 2013.

On January 1, 2014, the Corporation will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the Corporation's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Corporation has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates its portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$14,674,000. This assessment is expected to impact risk based capital by \$21,000.

A. ACA fee assessment payable \$14,674,000.

B. Assessment expected to impact RBC 0.03%.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Corporation or by any representative, officer, trustee or director of the Corporation? Yes () No (X)
- (2) Have any policies issued by the Corporation been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X)

Section 2 – Cede Reinsurance Report – Part A

- (1) Does the Corporation have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
- (2) Does the Corporation have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Corporation may consider the current or anticipated experience of the business reinsured in making this estimate. \$ None
- (2) Have any new arrangements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Corporation as of the effective date of the agreement? Yes () No (X)

B. Uncollectible Reinsurance - NOT APPLICABLE.

C. Commutation of Ceded Reinsurance - NOT APPLICABLE.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NOT APPLICABLE.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. The Corporation estimates accrued retrospective premium adjustments related to its Medicare Advantage health insurance contracts. An estimated risk sharing receivable or payable for the CMS risk corridor provision is recognized based on activity-to-date and is accumulated at the contract level and recorded as aggregate policy reserves. Costs for prescription drugs are expensed as incurred.
- B. The Corporation records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Corporation at December 31, 2013 that are subject to retrospective rating or redetermination features was \$594,992,000 million that represented 31.8% of the total net premiums written for the Corporation. No other net premiums written by the Corporation are subject to retrospective rating features.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for claims unpaid at December 31, 2013 and 2012 is summarized as follows:

	2013	2012
Balance - January 1	138,481,000	123,571,000
Incurred related to:		
Current year	1,693,789,000	1,731,757,000
Prior year	(32,583,000)	(23,327,000)
Total incurred	1,661,206,000	1,708,430,000
Paid related to:		
Current year	1,569,378,000	1,606,013,000
Prior year	96,656,000	87,507,000
Total paid	1,666,034,000	1,693,520,000
Balance - December 31	133,653,000	138,481,000

Changes in actuarial estimates of claims unpaid reported as "incurred related to prior years" reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

26. INTERCOMPANY POOLING ARRANGEMENTS - NOT APPLICABLE.

27. STRUCTURED SETTLEMENTS - NOT APPLICABLE.

28. HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables (dollars in thousands)

These rebates are calculated using historical rebate trends and membership.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2013	1,611				
09/30/2013	1,618	1,332			
06/30/2013	1,625	1,315	1,137		
03/31/2013	1,630	1,258	321	1,283	
12/31/2012	1,623	1,791	1,487	249	
09/30/2012	1,628	1,825	1,678	94	
06/30/2012	1,641	1,756	1,565	1	87
03/31/2012	1,560	1,768	1,463	74	78
12/31/2011	1,488	1,555	1,535	87	3
09/30/2011	1,451	1,493	1,385	36	86
06/30/2011	1,447	1,579	1,174	228	89
03/31/2011	1,816	1,460	1,683	78	71

B. Risk Sharing Receivables - NOT APPLICABLE.

29. PARTICIPATING POLICIES

NOT APPLICABLE.

30. PREMIUM DEFICIENCY RESERVES

NOT APPLICABLE.

31. ANTICIPATED SALVAGE AND SUBROGATION

NOT APPLICABLE.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []
- 1.3

State Regulating?

Michigan.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2012
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2012
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....02/10/2014
- 3.4

By what department or departments? The Michigan Department of Insurance and Financial Services.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes [] No [X]
- 4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes [] No [X]
- 4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control

.....0.0
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte and Touche LLP Suite 3900 200 Renaissance Center Detroit Michigan 48243.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David O Thoen FSA MAAA Deloitte Consulting 50 South 6th Street Minneapolis MN 55402.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
Not applicable.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....0
- 21.22 Borrowed from others \$.....0
- 21.23 Leased from others \$.....0
- 21.24 Other \$.....0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
- 22.22 Amount paid as expenses \$.....0
- 22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....475,549

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- Not applicable.....
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.103 Total payable for securities lending reported on the liability page \$.....0

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	\$400,000
25.22	Subject to reverse repurchase agreements	\$
25.23	Subject to dollar repurchase agreements	\$
25.24	Subject to reverse dollar repurchase agreements	\$
25.25	Pledged as collateral	\$139,646
25.26	Placed under option agreements	\$
25.27	Letter stock or securities restricted as to sale	\$
25.28	On deposit with state or other regulatory body	\$1,000,000
25.29	Other	\$12,000,000

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [X] No []

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [] N/A []
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Comerica Bank NA.....	Detroit Michigan.....
The Northern Trust Company.....	Chicago Illinois.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
not applicable.....	Brian Gamble.....	Detroit Michigan.....
104559.....	Pacific Investment Management Company.....	New York New York.....
104863.....	Income Research & Management.....	Boston Massachusetts.....
801-21011.....	J.P. Morgan Investment Management Inc.....	Jersey City New Jersey.....

GENERAL INTERROGATORIES

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?
- 29.2 If yes, complete the following schedule:
- Yes [] No [X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	240,287,275	240,055,316	(231,959)
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	240,287,275	240,055,316	(231,959)

- 30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on quoted market prices where available obtained primarily from a third-party pricing service which generally uses Level 1 or Level 2 inputs for the determination of fair value.....

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []
- Yes [X] No []
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$898,277
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
America's Health Insurance Plans.....	\$.....337,580

- 34.1 Amount of payments for legal expenses, if any? \$723,480
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Dykema Gossett PLC.....	\$.....209,555
McDermott, Will & Em.....	\$.....184,975
Keller Thomas.....	\$.....184,285

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Not Applicable.....	\$.....0

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$1,869,010,697	\$	.....1,895,148,498
2.2	Premium Denominator	\$1,869,010,697	\$	.....1,895,148,498
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$135,763,086	\$	.....143,146,788
2.5	Reserve Denominator	\$135,763,086	\$	.....143,146,788
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$2,750,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Please Attachment D

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....9,706

8.2 Number of providers at end of reporting year

.....8,832

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....1,500,000

10.22 Amount actually paid for year bonuses

\$.....1,878,729

10.23 Maximum amount payable withholds

\$.....7,165,542

10.24 Amount actually paid for year withholds

\$.....2,278,927

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

Yes [X] No []

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Michigan.....

11.3 If yes, show the name of the state requiring such net worth.

\$.....138,987,794

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

The amount reported is the greater of 4% of premiums or 200% of the authorized control level risk based capital

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Arenac County.....
Bay County.....
Clare County.....
Genessee County.....
Gladwin County.....
Gratiot County.....
Huron County.....
Iosco County.....
Isabella County.....
Lapeer County.....
Livingston County.....
Macomb County.....
Midland County.....
Monroe County.....
Oakland County.....
Ogemaw County.....
Roscommon County.....
Saginaw County.....
Sanilac County.....
St Clair County.....
Tuscola County.....
Washtenaw County.....
Wayne County.....

13.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$0

13.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$0

FIVE - YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	456,678,445	499,998,727	501,529,888	454,753,789	405,318,071
2. Total liabilities (Page 3, Line 24)	246,454,536	268,544,205	262,969,246	169,786,599	149,024,803
3. Statutory surplus	138,987,794	138,646,884	130,544,726	122,524,008	110,864,532
4. Total capital and surplus (Page 3, Line 33)	210,223,909	231,454,521	238,560,616	284,967,190	256,293,268
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,869,010,868	1,895,087,492	1,791,334,792	1,733,249,468	1,718,075,273
6. Total medical and hospital expenses (Line 18)	1,666,104,744	1,707,495,571	1,627,176,604	1,591,824,877	1,588,039,784
7. Claims adjustment expenses (Line 20)	24,579,941	26,232,035	23,295,552	22,649,210	14,544,792
8. Total administrative expenses (Line 21)	163,699,978	148,233,840	124,063,824	102,232,950	97,837,061
9. Net underwriting gain (loss) (Line 24)	14,626,205	13,126,046	16,798,811	16,542,431	17,653,637
10. Net investment gain (loss) (Line 27)	3,145,647	8,579,867	6,980,391	9,248,678	5,087,029
11. Total other income (Lines 28 plus 29)	108,132	127,088	0	49,738	47,926
12. Net income or (loss) (Line 32)	17,879,984	21,833,001	23,779,202	25,840,847	22,788,591
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	18,348,854	46,095,556	31,734,391	33,949,690	26,685,354
Risk-Based Capital Analysis					
14. Total adjusted capital.....	210,223,909	231,454,521	238,560,616	284,967,190	256,293,268
15. Authorized control level risk-based capital	69,493,897	69,323,442	65,272,363	55,766,421	55,432,266
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	329,298	342,264	331,214	342,635	355,949
17. Total members months (Column 6, Line 7)	3,999,656	4,128,664	3,985,522	4,085,888	4,365,062
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	89.1	90.1	90.8	91.8	92.4
20. Cost containment expenses	0.8	0.8	0.8	0.8	0.4
21. Other claims adjustment expenses	0.6	0.5	0.5	0.5	0.4
22. Total underwriting deductions (Line 23)	99.2	99.3	99.1	99.0	99.0
23. Total underwriting gain (loss) (Line 24)	0.8	0.7	0.9	1.0	1.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	107,101,411	106,437,312	86,713,137	85,870,100	98,945,073
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	142,736,788	129,765,482	120,794,604	117,022,946	112,450,257
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	126,088,827	124,419,996	121,394,012	25,507,267	22,897,995
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	632,400	743,382	0	0
32. Total of above Lines 26 to 31.....	126,088,827	125,052,396	122,137,394	25,507,267	22,897,995
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....Yes [] No []

If no, please explain

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

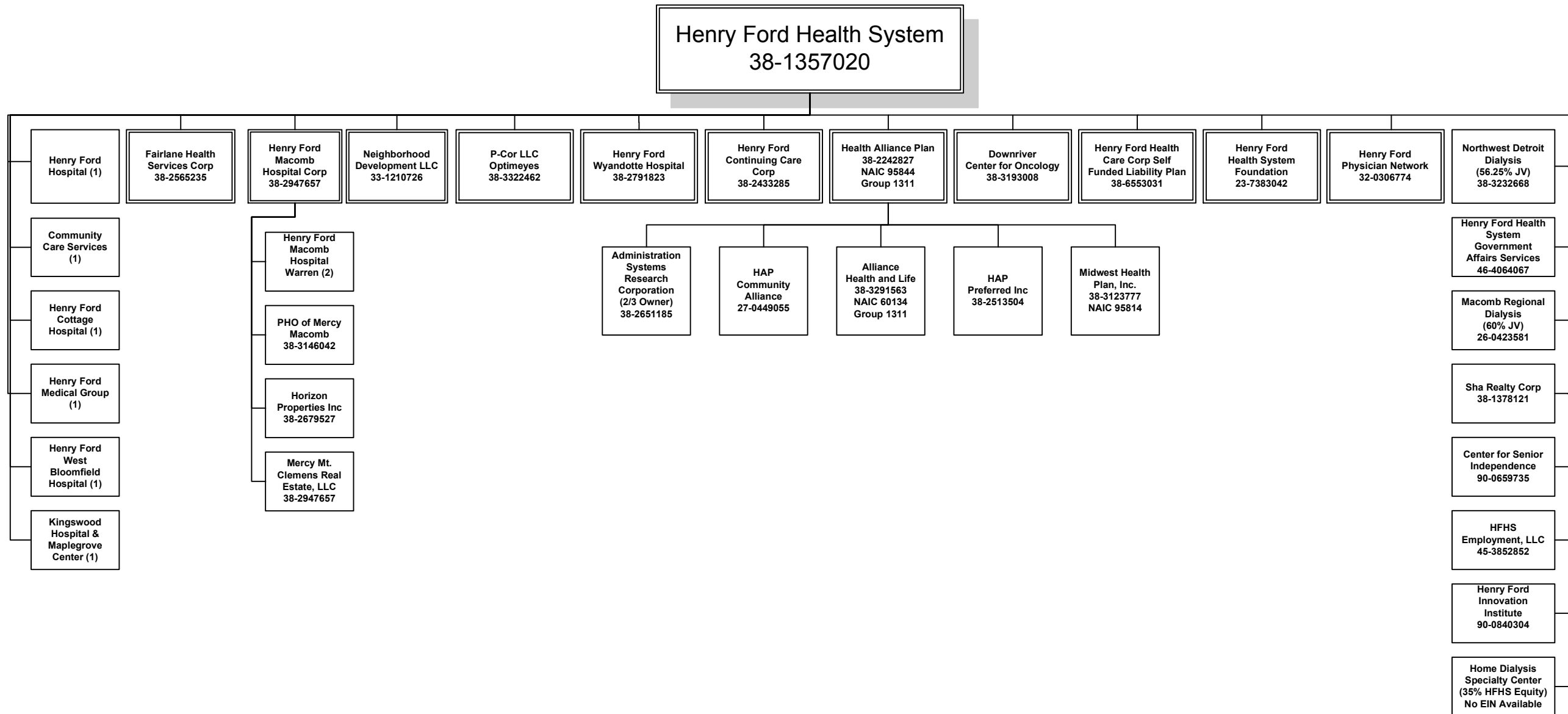
			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N							0	0
2.	Alaska	AK	N							0	0
3.	Arizona	AZ	N							0	0
4.	Arkansas	AR	N							0	0
5.	California	CA	N							0	0
6.	Colorado	CO	N							0	0
7.	Connecticut	CT	N							0	0
8.	Delaware	DE	N							0	0
9.	District of Columbia	DC	N							0	0
10.	Florida	FL	N							0	0
11.	Georgia	GA	N							0	0
12.	Hawaii	HI	N							0	0
13.	Idaho	ID	N							0	0
14.	Illinois	IL	N							0	0
15.	Indiana	IN	N							0	0
16.	Iowa	IA	N							0	0
17.	Kansas	KS	N							0	0
18.	Kentucky	KY	N							0	0
19.	Louisiana	LA	N							0	0
20.	Maine	ME	N							0	0
21.	Maryland	MD	N							0	0
22.	Massachusetts	MA	N							0	0
23.	Michigan	MI	L	1,266,313,013	480,709,933		114,314,596			1,861,337,542	0
24.	Minnesota	MN	N							0	0
25.	Mississippi	MS	N							0	0
26.	Missouri	MO	N							0	0
27.	Montana	MT	N							0	0
28.	Nebraska	NE	N							0	0
29.	Nevada	NV	N							0	0
30.	New Hampshire	NH	N							0	0
31.	New Jersey	NJ	N							0	0
32.	New Mexico	NM	N							0	0
33.	New York	NY	N							0	0
34.	North Carolina	NC	N							0	0
35.	North Dakota	ND	N							0	0
36.	Ohio	OH	N							0	0
37.	Oklahoma	OK	N							0	0
38.	Oregon	OR	N							0	0
39.	Pennsylvania	PA	N							0	0
40.	Rhode Island	RI	N							0	0
41.	South Carolina	SC	N							0	0
42.	South Dakota	SD	N							0	0
43.	Tennessee	TN	N							0	0
44.	Texas	TX	N							0	0
45.	Utah	UT	N							0	0
46.	Vermont	VT	N							0	0
47.	Virginia	VA	N							0	0
48.	Washington	WA	N							0	0
49.	West Virginia	WV	N							0	0
50.	Wisconsin	WI	N							0	0
51.	Wyoming	WY	N							0	0
52.	American Samoa	AS	N							0	0
53.	Guam	GU	N							0	0
54.	Puerto Rico	PR	N							0	0
55.	U.S. Virgin Islands	VI	N							0	0
56.	Northern Mariana Islands	MP	N							0	0
57.	Canada	CAN	N							0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal		XXX	1,266,313,013	480,709,933	0	114,314,596	0	0	1,861,337,542	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX	8,161,738						8,161,738	
61.	Total (Direct Business)	(a)	1	1,274,474,751	480,709,933	0	114,314,596	0	0	1,869,499,280	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc. Premiums are allocated to the states based upon the situs of the contract of the individual and employer group policyholder

(a) Insert the number of L responses except for Canada and other Alien.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



Legend:

(1) Represents a business unit under Henry Ford Health System's Tax ID #

(2) Represents a business unit under Henry Ford Macomb Hospital Corp.

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 3A – Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24
Exhibit 8 – Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA –Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	31
Schedule S – Part 2	32
Schedule S – Part 3 – Section 2	33
Schedule S – Part 4	34
Schedule S – Part 5	35
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	39
Schedule T – Premiums and Other Considerations	38
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y– Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

